

## Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 L-02 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 H-02 CIAE-00

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DRAFTED BY EUR/EE:DNMILLER:FEW

APPROVED BY EUR/EE - MR. BROWN

L/C - MR. KWIA TEK

EB/IFD/OMA - MR. MINNIES

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R 201408Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST

INFO AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L STATE 062840

E.O. 11652: GDS

TAGS. EFIN, HU

SUBJECT: BOND SETTLEMENT AGREEMENT

REFS: (A) BUDAPEST 0692, (B) BUDAPEST 0664, (C) STATE

53463, (D) STATE 39695 (ALL NOTAL)

1. AS EMBASSY AWARE, DEPARTMENT WISHES TO GIVE ASSURANCES REQUESTED BY HUNGARIAN MINISTRY OF FINANCE REGARDING BOND SETTLEMENT AGREEMENT. SINCE WRITTEN ASSURANCE MUST BE SPECIFICALLY LIMITED TO BONDS SETTLED UNDER AGREEMENT WITH FOREIGN BONDHOLDERS PROTECTIVE COUNCIL, INC., WE HAVE RE-DRAFTED LANGUAGE CONTAINED IN REFTELS TO INSURE THAT HOLD OF HUNGARIAN LAND REFORM BONDS OF 1928, HOLDERS OF BONDS EUROPEAN MORTGAGE CORPORATIONS,AS WELL AS OTHERS THAT MAY EXIST,ARE NOT PRECLUDED FROM MAKING SETTLEMENTS DIRECTLY WITH MINISTRY OF FINANCE.

2. TO THIS END WE SUGGEST FOLLOWING NEW LANGUAGE BE DIS-  
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CUSSED WITH MINISTRY OF FINANCE: "THE FOREIGN BONDHOLDERS

PROTECTIVE COUNCIL, INC. IS THE APPROPRIATE ENTITY TO CARRY ON NEGOTIATIONS AND CONCLUDE SETTLEMENTS ON BEHALF OF AMERICAN HOLDERS OF DEFAULTED DOLLAR BONDS FLOATED ON THE AMERICAN CAPITAL MARKET BY FOREIGN GOVERNMENTS AND THEIR POLITICALSUBDIVISIONS. RECOGNIZINGTHIS FACT, THE UNITED STATES GOVERNMENT WILL NOT SPONSOR FUTURE CLAIMSRELATING TO THE BONDS WHICH HAVE BEEN THE SUBJECT OF AN AGREEMENT

CONCLUDED BETWEEN THE GOVERNMENT OF HUNGARY AND THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL, INC., ON APRIL -, 1975, NOTWITHSTANDING THAT SOME BONDS MIGHT NOT BE DE-POSITED IN ACCORDANCE WITH, AND BY WAY OF ACCEPTANCE OF THE PROVISIONS OF SUCH AGREEMENT."

3. WOULD APPRECIATE REACTION OF MINISTRY OF FINANCE TO ABOVE LANGUAGE.

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## Message Attributes

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**Channel Indicators:** n/a  
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**Concepts:** AGREEMENTS, BONDS (SECURITIES)  
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**Disposition Authority:** ellisoob  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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